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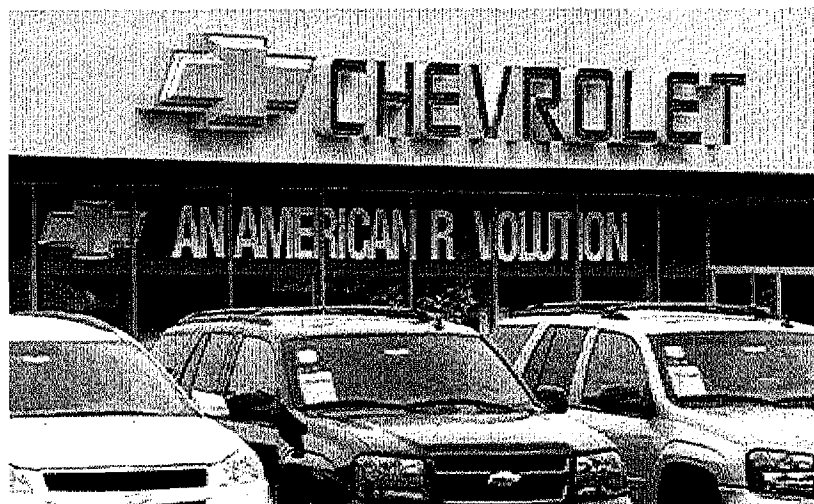


## GM sues Halleen Chevrolet and Sims Chevrolet as they fight to keep their franchises

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**Robert Schoenberger, The Plain Dealer**



**Marvin Fong, The Plain Dealer**

Halleen Chevrolet, located along Lorain Road in North Olmsted, OH, is one of two local Chevrolet dealerships that GM wants to shutdown.

CLEVELAND, Ohio -- General Motors is trying to stop two Cleveland-area car dealers from fighting their impending closures.

Sims Chevrolet in Lyndhurst and Halleen Chevrolet in North Olmsted are among 1,500 nationwide that GM wants to shut down by the end of the month.

Nearly 1,200 dealerships filed for arbitration with GM this year in hopes of saving their stores, but most settled out of court. Thirty-nine dealerships went to arbitration and won, but Sims and Halleen were among 23 who lost. They responded by suing to have the arbitration rulings thrown out.

A win for either of the local stores could encourage other dealers to challenge their rejections, upsetting the automaker's plans to raise its profits by cutting dealerships.

**In a court brief filed late Friday**, GM argued that the dealerships' lawsuits violate clear orders from the bankruptcy judge overseeing the company's case. The company has asked the Bankruptcy Court in New York to order the stores to drop their suits and to pay legal fees for keeping the cases alive as long as they

"We don't believe the dealerships have the right to appeal the arbitrator's decision," General Motors spokeswoman Ryndee Carney said Monday.

Attorneys representing the dealers did not return calls on Monday.

The cases go back to last year's bankruptcy filing by GM.

Weeks before the company filed, **it told dealers that it would cut the franchises of about 1,400 stores.** Instead of canceling the agreements, as **Chrysler did with about 900 stores a month earlier**, GM agreed to pay dealers an undisclosed sum of money and allow them to sell new cars and perform service work until Oct. 31, 2010.

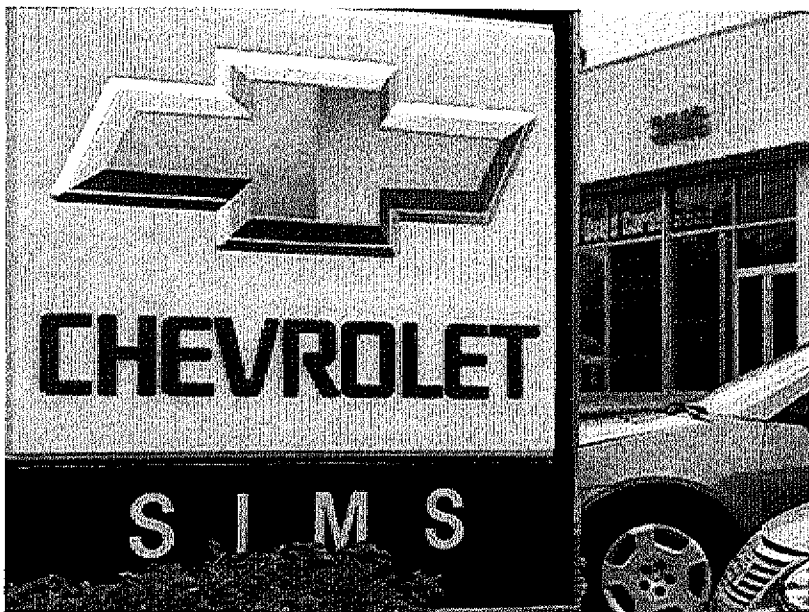
GM and Chrysler both argued that having fewer dealers would mean more sales and more profits for the remaining stores. Ideally, the dealers that remained with the companies would be better able to invest in new showrooms and in local advertising, helping the automakers sell more vehicles.

Dealers, **led by Avon Lake multi-brand dealer Alan Spitzer**, lobbied Congress, saying the closures would lead to job losses across the country and wouldn't make GM and Chrysler more successful.

**Profile of Mark Sims from 1999**

**Rep. Steve LaTourette, Republican of Bainbridge Township**, introduced legislation that Congress passed late last year forcing the automakers to go into arbitration with the 2,000 canceled dealerships.

In June, former Franklin County Common Pleas Judge Dale Crawford ruled in arbitration that Sims and Halleen franchises should not be reinstated. He was highly critical of both stores.



Scott Shaw, The Plain Dealer

Sims Chevrolet in Lyndhurst on Monday. General Motors is suing to shut down the local auto dealership.

GM included the arbitration reports, which had been private, in its filings Friday. In his ruling, Crawford said Halleen's sales numbers were low, despite the dealer being on the popular North Olmsted Automobile strip of dealerships.

"There are three other Chevrolet dealers within six miles of [Halleen]," and all had better sales numbers, Crawford said in his ruling. "[Halleen] has the working capital, location and overall profitability to make it economically viable. However, for some reason, it cannot compete in new car sales with Ganley [Chevrolet in Cleveland], Jack Matia [Chevrolet in Elyria] and Pat O'Brien [Chevrolet in Westlake]."

Crawford upheld GM's decision to cut Sims' franchise, saying it was the worst-performing Chevrolet dealership in the region.

"[Sims] has had many excuses over the year for his poor performance, but at no time has he come to the realization that he has underperformed and some of that may have been his own fault," Crawford said in his ruling.

The dealers said Crawford did not question GM's reasons for cutting stores and simply accepted the company's judgement that it could be more profitable with fewer locations.

The dealers quoted heavily from **a federal report released in July** that questioned whether or not the GM and Chrysler cuts had been necessary. The special investigator monitoring the spending of the federal bailouts of banks and automakers said the **dealership closures may have hurt the economy and did little to help the companies in the short term.**

But last week, the Bankruptcy Court judge overseeing the GM case ruled that dealers had no right to appeal the arbitration rulings, especially if their arguments were that the arbitrator came to the wrong conclusion.

"I have no allegations of bribes, conspiracy, fraud or even manifest disregard of existing law" in the case of California's Rally Auto Group vs. GM, Judge Robert Gerber said Monday in a hearing in New York, according to court transcripts.

GM, in its filings Friday, argued that the Halleen's and Sims' arguments were nearly identical to Rally's. And while the dealerships accused Crawford of bias, they did not accuse him of taking bribes or engaging in a conspiracy with GM.

After the Rally ruling on Oct. 4, GM attorneys wrote letters to Cleveland attorney Christopher DeVito, lawyer for Sims and Halleen and one of the attorneys representing Rally in California. The letter warned that if the stores didn't drop their challenges in the U.S. District Court in Cleveland, GM would sue in Bankruptcy Court to block the local suits.

DeVito responded on Friday by asking the District Court judge in Cleveland to issue a restraining order against GM so the Halleen and Sims cases could continue here.

Neither the judge in the District Court case nor the Bankruptcy Court judge have yet ruled on the requests.

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